

Chocosuisse Union des Fabricants Suisses de Chocolat (a co-operative society formed under title XXIX of the Swiss Code of Obligations) & Ors v Maestro Swiss Chocolate Sdn Bhd & Ors

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HIGH COURT (KUALA LUMPUR) — SUIT NO D2-22-1475 OF 2005
AZAHAR MOHAMED J
8 FEBRUARY 2010

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Trade Marks — Infringement of geographical indication — Description of goods as Swiss chocolates — Whether words ‘Maestro SWISS’ as used on defendants’ packaging get up denoted geographical indication within the Geographical Indications Act 2000 — Geographical Indications Act 2000 s 5

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Trade Marks — Passing off — Goodwill — Plaintiffs’ suit based on tort of passing off in extended form — Whether first plaintiff had locus standi to sue defendants — Whether term ‘SWISS’ chocolates had distinctive meaning and reputation which could be protected by means of a passing off action in extended form — Whether plaintiffs succeeded in establishing all ingredients required to sustain action — Whether use of words ‘Maestro SWISS’ by defendants on chocolate product led ordinary members of chocolate-buying public to believe it to be Swiss chocolate

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Chocosuisse Union des Fabricants Suisses de Chocolat (‘the first plaintiff’) was a cooperative society formed in Switzerland that was responsible to protect the worldwide reputation and goodwill of its members, the chocolate manufacturers in Switzerland. The second and third plaintiffs were chocolate manufacturers who were also members of the first plaintiff. The second and third plaintiffs had substantial goodwill and reputation in Malaysia in relation to their Swiss chocolates and chocolate products, since they had been supplying and exporting for sale their Swiss chocolates to Malaysia for the past ten years, if not longer. The defendants manufactured, marketed, promoted, supplied, exported and sold various types of Maestro SWISS Chocolates. It was the plaintiffs’ case that the deliberate adoption and use of the word SWISS by the defendants was intended to deceive and/or mislead the public into thinking that the defendants’ chocolates were produced in Switzerland or were Swiss chocolates so as to unfairly take advantage of the reputation and goodwill enjoyed by Swiss chocolate manufacturers such as the second and third plaintiffs. The plaintiffs further submitted that the defendants’ unauthorised and wrongful use of the mark ‘Maestro SWISS’ in relation to their chocolates was damaging to the plaintiffs’ goodwill and

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- A reputation that gave rise to the tort of passing off. Thus the plaintiffs' main cause of action in the present suit was based on the tort of passing off in the extended form. Their claim was also based on the statutory protection against unlawful use of a geographical indication pursuant to the Geographical Indications Act 2000 ('the GI Act'). The defendants submitted that the first
- B plaintiff had no goodwill or reputation associated with its activities in Malaysia and that the second and third plaintiffs had no goodwill or reputation in Malaysia in relation to their manufacture of chocolates by reference to the descriptive term SWISS chocolates, which was a generic term and had never been used as a source indicator for their chocolates. Therefore,
- C the defendants contended that the plaintiffs had no goodwill in the word 'SWISS' or 'SWISS' chocolates, which was capable of being protected by the law. The defendants further submitted that they had never represented that their chocolates originated from Switzerland but had used the mark 'Maestro SWISS' since the year 2000 because it formed part of the names of the
- D defendants. As such, the defendants averred that the words 'Maestro SWISS' as used on the defendants' packaging get ups is distinctive of the defendants' and could not be misrepresentative. The issues to be determined in this case were whether the first plaintiff had the locus standi to sue the defendants; whether the term SWISS chocolates had a distinctive meaning and reputation
- E which could be protected by means of a passing off action in the extended form; whether the use of the words 'Maestro SWISS' by the defendants on their chocolate product, in the circumstances of the present case, had led ordinary members of the chocolate buying public in Malaysia to believe that their chocolate was a Swiss chocolate; and whether 'Maestro SWISS' as used
- F on the defendants packaging get up denoted geographical indication within the GI Act.

Held, dismissing the plaintiffs' claim with costs:

- G (1) It is settled law that to prove an action for passing off, a plaintiff must prove that it had established goodwill and reputation in relation to the business it conducted to its given products of contention. The first
- H plaintiff in the present case was a trade association of chocolate manufacturers based in Switzerland and did not sell or manufacture chocolates. Without any form of chocolate business conducted by the society no goodwill could be said to have arisen that was of any relevance to the cause action for passing off as pleaded against the defendants. As such the first plaintiff had no locus standi to sue in its own right in the present action (see para 30).
- I (2) The totality of the evidence established that a significant number of members of the chocolate-buying public in Malaysia considered the words SWISS chocolates to mean chocolates made in Switzerland and that these chocolates were recognised by them as high quality and premium chocolates. Further, the unchallenged evidence showed that

the second and third plaintiffs were members of the class who sold SWISS chocolates and were entitled to the goodwill attached to the term SWISS chocolates. Thus the second and third plaintiffs had succeeded in establishing that the words SWISS chocolates could be protected by means of a passing off action in the extended form (see paras 42–45).

- (3) The words ‘Maestro SWISS’ was part of the corporate name of all the defendants. It was a name which was common among all members of the ‘Maestro SWISS’ group of companies having started in September 1999–December 1999. Further, the visual appearance of the defendants’ packaging when viewed in its entirety did not focus on the ‘Maestro SWISS’ words, in that, the words did not overwhelm the front packaging of the chocolate products of the defendants. In fact the defendants’ packaging get up had distinct and individualistic elements in terms of backdrop, graphics, design representation and labelling details including the identity and address of the defendants as the source of the chocolates. As such, the defendants’ presentation of their product was characteristically different from that of the plaintiffs and could not be mistaken by a reasonable person as SWISS chocolates (see paras 50, 52 & 55).
- (4) Further, the packaging of the defendants also bear words that identify the defendants as Malaysian manufacturers and the origin of the product. Thus any reasonable person would not be confused by the use of the words ‘Maestro SWISS’ into believing the defendants’ product is a Swiss chocolate. Having considered the totality of the testimonies of all the relevant witnesses and the exhibits tendered it was clear that the defendants had not passed off their products as SWISS chocolates and the use of the words ‘Maestro SWISS’ did not constitute a representation that their chocolates were from Switzerland (see paras 57 & 65).
- (5) The ‘Maestro SWISS’ logo was not used on the defendants’ packaging to denote geographical indication. The words ‘Maestro SWISS’ did not inform consumers that the chocolate came from Switzerland and that it had the qualities or characteristics for which that place is known. Thus, the presentation of the words ‘Maestro SWISS’ on the packaging did not mislead and deceive the Malaysian public that the chocolate originated from Switzerland and the plaintiffs could not maintain a cause of action under s 5 of the GI Act against the defendants (see para 71).

[Bahasa Malaysia summary]

Chocosuisse Union des Fabricants Suisses de Chocolat, plaintiff pertama merupakan persatuan koperasi yang ditubuhkan di Switzerland yang

- A bertanggungjawab untuk melindungi reputasi dan nama baik ahli-ahlinya di seluruh dunia, pembuat-pembuat coklat di Switzerland. Plaintiff-plaintif kedua dan ketiga adalah pembuat-pembuat coklat yang juga ahli-ahli plaintiff pertama. Plaintiff-plaintif kedua dan ketiga mempunyai nama baik dan reputasi yang kukuh di Malaysia berkaitan keluaran coklat Swiss dan coklat mereka, memandangkan mereka telah membekal dan mengeksportkan coklat Swiss mereka untuk jualan ke Malaysia sejak 10 tahun atau lebih.
- B Defendan-defendan telah mengilang, memasarkan, mempromosi, membekal, mengeksport dan menjual pelbagai jenis Maestro SWISS Chocolates. Adalah kes plaintiff-plaintif bahawa pemakaian dan penggunaan perkataan SWISS yang disengajakan oleh defendan-defendan berniat untuk menipu dan/atau memperdayakan orang awam untuk berfikir bahawa coklat defendan-defendan adalah keluaran Switzerland atau adalah coklat Swiss agar dapat mengambil kesempatan yang tidak adil ke atas reputasi dan nama baik yang dinikmati oleh pembuat-pembuat coklat Swiss seperti plaintiff-plaintif kedua dan ketiga. Plaintiff-plaintif selanjutnya berhujah bahawa penggunaan yang tidak diberi kuasa dan salah defendan-defendan terhadap tanda 'Maestro SWISS' berkaitan dengan coklat-coklat mereka menjejaskan nama baik dan reputasi plaintiff-plaintif yang menimbulkan tort kelirupaan. Oleh itu kausa tindakan utama plaintiff-plaintif dalam guaman ini adalah berdasarkan tort kelirupaan dalam bentuk yang luas. Tuntutan mereka juga berdasarkan perlindungan statutori terhadap penggunaan petunjuk-petunjuk geografi yang menyalahi undang-undang menurut Akta Petunjuk Geografi 2000 ('Akta PG'). Defendan-defendan berhujah bahawa plaintiff pertama tidak mempunyai nama baik atau reputasi yang dikaitkan dengan kegiatan-kegiatannya di Malaysia dan bahawa plaintiff-plaintif kedua dan ketiga tidak mempunyai nama baik atau reputasi di Malaysia berkaitan pembuatan coklat-coklat mereka dengan merujuk kepada istilah deskriptif coklat-coklat SWISS, yang merupakan istilah generik dan tidak pernah digunakan sebagai sumber penunjuk untuk coklat-coklat mereka. Oleh itu, defendan-defendan telah menegaskan bahawa plaintiff-plaintif tidak mempunyai nama baik dalam perkataan 'SWISS' atau coklat-coklat 'SWISS', yang dapat dilindungi oleh undang-undang. Defendan-defendan selanjutnya berhujah yang mereka tidak pernah membuat representasi bahawa coklat-coklat mereka berasal dari Switzerland tetapi telah menggunakan tanda Maestro SWISS' sejak tahun 2000 kerana ia membentuk sebahagian daripada nama-nama defendan-defendan. Oleh itu defendan-defendan telah menegaskan bahawa perkataan-perkataan Maestro SWISS' sepertimana yang telah digunakan pada cara gaya pembungkusan defendan-defendan adalah berbeza dengan defendan-defendan dan tidak mungkin gambaran yang salah.
- I Isu-isu yang perlu ditentukan dalam kes ini adalah sama ada plaintiff pertama mempunyai locus standi untuk menyaman defendan-defendan; sama ada istilah coklat-coklat SWISS mempunyai maksud berbeza dan reputasi yang boleh dilindungi melalui tindakan kelirupaan dalam bentuk meluas; sama ada penggunaan perkataan-perkataan 'Maestro SWISS' oleh

defendan-defendan pada keluaran coklat mereka, dalam keadaan kes ini, menjadikan ahli-ahli biasa masyarakat awam yang membeli coklat di Malaysia mempercayai bahawa coklat mereka adalah coklat Swiss; dan sama ada 'Maestro SWISS' sepertimana yang digunakan pada cara gaya pembungkusan defendan-defendan menunjukkan penandaan geografi dalam Akta PG itu.

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Diputuskan, menolak tuntutan plaintif-plaintif dengan kos:

- (1) Adalah undang-undang tetap bahawa untuk membuktikan tindakan untuk kelirupaan, plaintif hendaklah membuktikan bahawa ia telah mewujudkan nama baik dan reputasi berkaitan perniagaan yang dilaksanakannya terhadap keluaran-keluaran yang dikemukakannya untuk diujahkan. Plaintif pertama dalam kes ini adalah persatuan perniagaan pembuat-pembuat coklat yang berpusat di Switzerland dan tidak menjual atau membuat coklat. Tanpa apa bentuk perniagaan coklat yang dilaksanakan oleh persatuan itu maka tiada nama baik boleh dikatakan telah timbul yang mempunyai apa-apa kaitan dengan kausa tindakan untuk kelirupaan seperti yang dihidang terhadap defendan-defendan. Dengan itu plaintif pertama tidak mempunyai locus standi untuk menyaman dengan sendirinya dalam tindakan ini (lihat perenggan 30).
- (2) Keseluruhan keterangan membuktikan bahawa sebilangan besar ahli-ahli masyarakat awam yang membeli coklat di Malaysia menganggap perkataan-perkataan coklat SWISS bermaksud coklat-coklat yang dibuat di Switzerland dan bahawa coklat-coklat tersebut dikenali oleh mereka sebagai coklat-coklat berkualiti tinggi dan premium. Selanjutnya, keterangan yang tidak dicabar menunjukkan bahawa plaintif-plaintif kedua dan ketiga merupakan ahli-ahli kelas yang menjual coklat-coklat SWISS dan berhak terhadap nama baik yang terdapat pada istilah coklat-coklat SWISS. Oleh itu plaintif-plaintif kedua dan ketiga telah berjaya membuktikan bahawa perkataan-perkataan coklat SWISS boleh dilindungi melalui tindakan kelirupaan dalam bentuk yang meluas (lihat perenggan 42–45).
- (3) Perkataan-perkataan 'Maestro SWISS' adalah sebahagian daripada nama korporat untuk kesemua defendan. Ianya nama yang bersama di kalangan semua ahli kumpulan syarikat 'Maestro SWISS' yang telah bermula pada September 1999–Disember 1999. Selanjutnya, penampilan visual pembungkusan defendan-defendan apabila dilihat secara keseluruhannya tidak memberi fokus kepada perkataan-perkataan 'Maestro SWISS', yang mana, perkataan-perkataan itu tidak menenggelamkan rupa pembungkusan bahagian hadapan keluaran-keluaran coklat defendan-defendan. Bahkan rupa gaya pembungkusan defendan-defendan mempunyai

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- A elemen-elemen berbeza dan individualistik berdasarkan latar belakang, grafik, gambaran reka bentuk dan butiran label termasuklah identiti dan alamat defendan-defendan sebagai sumber coklat-coklat itu. Oleh itu, peragaan defendan-defendan untuk keluaran mereka berbeza
- B sifatnya daripada plaintif-plaintif dan seorang yang waras tidak boleh tersilap yang ianya sebagai coklat-coklat SWISS (lihat perenggan 50, 52 & 55).
- (4) Selanjutnya, pembungkusan defendan-defendan juga mempunyai perkataan-perkataan yang mengenal pasti defendan-defendan sebagai pembuat-pembuat Malaysia dan asal keluaran itu. Oleh itu seseorang yang waras tidak akan terkeliru dengan penggunaan perkataan-perkataan 'Maestro SWISS' sehingga mempercayai keluaran defendan-defendan adalah coklat Swiss. Setelah mempertimbangkan keseluruhan testimoni-testimoni kesemua saksi-saksi yang relevan dan
- C ekshibit-ekshibit yang dikemukakan adalah jelas bahawa defendan-defendan tidak mengelirupakan keluaran-keluaran mereka sebagai coklat-coklat SWISS dan penggunaan perkataan-perkataan 'Maestro SWISS' tidak memberikan gambaran bahawa coklat-coklat mereka adalah daripada Switzerland (lihat perenggan 57 & 65).
- E (5) Logo 'Maestro SWISS' tidak digunakan pada pembungkusan defendan-defendan untuk menandakan petunjuk geografi. Perkataan-perkataan 'Maestro SWISS' tidak memberitahu pelanggan-pelanggan bahawa coklat itu berasal daripada Switzerland dan bahawa ia mempunyai kualiti-kualiti atau sifat-sifat yang mana
- F tempat itu dikenali. Oleh itu, peragaan perkataan-perkataan 'Maestro SWISS' pada pembungkusan itu tidak menipu dan memperdayakan masyarakat Malaysia bahawa coklat itu berasal dari Switzerland dan plaintif-plaintif tidak boleh mengekalkan kausa tindakan di bawah s 5
- G Akta PG terhadap defendan- defendan (lihat perenggan 71).]

Notes

For cases on goodwill, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 2077–2079.

- H For cases on trade marks in general, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) paras 1927–2216.

Cases referred to

- Chocosuisse Union des Fabricants Suisses de Chocolat & Ors v Cadbury Ltd* [1999] RPC 826, CA (folld)
- Chocosuisse Union des Frabricants Suisses de Chocolat v Cadbury Plc* [1998] RPC 117, HC (refd)
- Consitex SA v TCL Markerting Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 444, HC (refd)

- Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia* [1998] 4 MLJ 105; [1998] 4 CLJ Supp 24, HC (folld) **A**
- Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors* [1979] 2 All ER 927, HL (refd)
- J Bollinger & Ors v Costa Brava Wine Co Ltd* [1960] RPC 16, Ch D (refd)
- John Walker & Sons Ltd & Ors v Henry Ost & Co Ltd & Anor* [1970] RPC 489, Ch D (refd) **B**
- Marengo v Daily Sketch & Anor* (1948) 65 RPC 242, HL (refd)
- McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540, CA (folld)
- Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; [2008] 1 CLJ 46, CA (refd) **C**
- Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, SC (refd)
- Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ 344 (Rep), SC (refd) **D**
- Vine Products Ltd & Ors v MacKenzie & Co Ltd & Ors* [1969] RPC 1, HC (refd)
- Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd* [2007] 7 MLJ 193; [2007] 6 CLJ 228, CA (refd) **E**

Legislation referred to

Geographical Indications Act 2000 ss 2, 5

Linda Wong (Choy Sook Yee and Oan Suet Yen with her) (Tay & Partners) for the plaintiffs.

Wong Sai Fong (Michelle Loi Choi Yoke with him) (Shearn Delamore & Co) for the defendants. **F**

Azahar Mohamed J:

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[1] The dispute in this action revolves around the word 'SWISS', which is used for, or in relation to chocolate and chocolate products. The disagreement between the parties in this action arises in late 2003 when the plaintiffs first became aware of the defendants' use of the words 'Maestro SWISS' for their chocolate products. According to the plaintiffs, the use of the words 'Maestro SWISS' by the defendants on their chocolate products has led or is likely to lead the members of the chocolate-buying public in Malaysia to believe that those are Swiss chocolates. Thereafter, the plaintiffs through their Malaysian solicitors, issued demands to the defendants to cease such use. The defendants refused and subsequently the plaintiffs filed this action in 2005. **H**

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A [2] The defendants manufactured, marketed, promoted, supplied, exported, distributed for sale and sold, amongst others, the following Maestro SWISS chocolates: Maestro SWISS VOCHELE hazelnut dairy milk chocolate, Maestro SWISS VOCHELE spree funky orange, Maestro SWISS VOCHELE almonds covered in dairy milk chocolate and Maestro SWISS
B VOCHELE spree cool strawberry.

C [3] Chocosuisse Union des Fabricants Suisses de Chocolat ('the first plaintiff') is a cooperative society formed in Switzerland that is responsible to protect the worldwide reputation and goodwill of its members who are the chocolate manufacturers in Switzerland. Kraft Foods Schweiz ('the second plaintiff') and Nestle Suisse SA ('the third plaintiff') are chocolate manufacturers in Switzerland who are also members of the first plaintiff. They manufacture and export Swiss chocolates to Malaysia and other countries
D worldwide. The second and third defendants have for many years, sold and continue to sell in Malaysia, chocolates made entirely in Switzerland, of amongst others, the brands 'Toblerone' and 'Nestle' respectively. A number of Swiss chocolate products are also available in Malaysia including 'Alprose', 'Alprose Swiss', 'Torino', 'Torino Swiss Selection', 'Camille Bloch', 'Lindt' and 'Swiss Delic'.
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F [4] Before I state the rival contentions of the parties, it is useful to note that the plaintiffs' main cause of action in the present suit is based on the tort of passing off in the extended form rather in the classic form, about which more will be said further on at a later stage of this judgment. The claim by the plaintiffs is also based on the statutory protection against unlawful use of a geographical indication pursuant to the Geographical Indications Act 2000 ('the GI Act').

G THE PLAINTIFFS' CASE IN SUMMARY

H [5] A summary of the plaintiffs' case can be as follows. The plaintiffs are interested persons in respect of the geographical indication 'Swiss' when used in relation to chocolates or chocolate products and are entitled to take up proceedings against the unauthorised and wrongful use of such indication by the defendants by way of the mark 'Maestro SWISS' for their chocolates.

I [6] According to Dr Frantz Urs Schmid ('PW1'), a director of the first plaintiff, the defendants have used the words 'Maestro SWISS' in relation to their chocolates and chocolate products, which are not manufactured in Switzerland. 'Swiss chocolate' or the word 'Swiss' used in relation to chocolate denotes chocolate or chocolate paste, which has been manufactured entirely in Switzerland. When it is used in relation to chocolate, the denomination of origin 'Swiss' is not merely a descriptive term but it is a term, which conveys

or is capable of conveying certain significance and meaning with regard the chocolate product itself. The plaintiffs consider the defendants' use of the mark 'Maestro SWISS' to be wrongful and it amounts to a misrepresentation that gives rise to the tort of passing off. The term 'Swiss chocolate' possesses the following distinguishing factors, namely that Swiss chocolate is made entirely in Switzerland and it is recognised as high quality and premium chocolate.

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[7] In his evidence, PW1 explained:

Swiss chocolate enjoys long standing goodwill and reputation of excellence, which is recognised around the world. If the confusion is allowed to be reinforced and perpetuated by the defendants, there will be irreparable damage to the goodwill and reputation of Swiss chocolate. Those who consume 'Vochelle' chocolate thinking that it is Swiss chocolates from Switzerland and find it unsatisfactory may associate such lack of satisfaction with chocolates from Switzerland generally. Furthermore, innocent consumers and buyers will continue to be deceived and falsely led into buying the defendants' 'Vochelle' chocolate thinking that it is chocolate from Switzerland or Swiss chocolate when it is not true.

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[8] Swiss chocolate manufacturers including the second and third plaintiffs and their predecessors have played a major and definitive role over the years in the development of the art and technology of manufacturing chocolates. Two significant contributions of Swiss chocolate manufacturers are the inventions of milk chocolate and the 'conching' process. Swiss chocolates have acquired a distinct and discrete reputation and are perceived by the public in Malaysia and internationally to be premium high quality chocolates.

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[9] The second and third plaintiffs are in the business of manufacturing, supplying, selling and exporting the sale of Swiss chocolates to countries worldwide including Malaysia. Such Swiss chocolates exported for sale in Malaysia by the second and third plaintiffs include the 'Toblerone' and 'Nestle' chocolates respectively. The second and third plaintiffs have been supplying and exporting for sale their Swiss chocolates to Malaysia for the past ten years, if not longer. The second and third plaintiffs therefore have substantial goodwill and reputation in Malaysia in relation to their Swiss chocolates and chocolate products.

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[10] Swiss chocolate manufacturers have expended incalculable time, effort and money to market and promote Swiss chocolates around the world and to protect the goodwill and reputation associated with Swiss chocolates. Such effort includes advertising, market promotions as well as initiating numerous actions worldwide including Malaysia to stop third parties from taking advantage of such goodwill and reputation by using the word 'Swiss' or

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- A making false references to Switzerland on the packaging and advertisements of chocolate products not manufactured in Switzerland.

B [11] The mark 'Maestro SWISS' is prominently displayed on the packaging of the defendants' chocolates and chocolate products. The word 'SWISS' appears in bold white colour in upper case lettering against a red rectangular box emulating the white and red colours of the Swiss flag (white cross in a red field).

- C [12] The deliberate adoption and use of the word 'SWISS' and of the colours red and white in conjunction with the word 'SWISS' by the defendants are calculated and intended to deceive and/or mislead the public into thinking that the defendants' chocolates are produced in, or originate from Switzerland or are Swiss chocolates, to unfairly take advantage of the reputation and goodwill enjoyed by Swiss chocolates and Swiss chocolate manufacturers including the second and third plaintiffs.

E [13] The defendants' unauthorised and wrongful use of the mark 'Maestro SWISS' in relation to their chocolates and chocolate products are damaging, dissipating and usurping the second and third plaintiffs and the Swiss chocolate manufacturers' substantial goodwill and reputation in relation to Swiss chocolates, which took incalculable costs, time, effort and many years to build.

- F [14] Such unauthorised and wrongful use of the 'Maestro SWISS' mark by the defendants constitutes acts, in respect of which, the plaintiffs have a right to prohibit pursuant to the GI Act.

G THE DEFENDANTS' CASE IN SUMMARY

H [15] The defendants' case can be summarised as follows. The defendants contend that the first plaintiff has no goodwill or reputation associated with its activities in Malaysia.

I [16] The defendants contend that the second and third plaintiffs have no goodwill and reputation in Malaysia in relation to their manufacture, import or sale of chocolates by reference to the descriptive term 'Swiss chocolate'; the term being generic and descriptive and have never been used as a source indicator for their chocolates.

[17] The defendants have never represented their products as having originated or imported from Switzerland. On the other hand, the defendants

intended and have, in fact, used their 'Maestro SWISS' composite logo or the mark 'Maestro SWISS' as source indicator for their chocolates and chocolate confectionery since the year 2000.

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[18] The words 'Maestro SWISS' form part of the names of the defendants. Extensive promotion and advertisement had been expended by the defendants in relation to use of these marks in relation to their chocolates and chocolate confectionery products. Until recently, the defendants have been enjoying quiet possession of these marks. The plaintiffs have all along been fully aware of the use of these marks by the defendants and accordingly, have acquiesced to the use of these marks.

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[19] The use of these marks by the defendant should be perceived in their entirety; not individual components of them. The words 'Maestro SWISS' as used on the defendants' packaging as well as the entirety of the defendants' packaging get ups is distinctive of the defendants' and, that cannot be misrepresentative.

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[20] The Maestro Swiss logo is not used to denote geographical indication.

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FINDINGS OF THE COURT WITH REGARDS TO CLAIM AGAINST THE DEFENDANTS IN PASSING OFF

[21] In the case of *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, the Supreme Court held that:

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The principle of law regarding passing off has been plainly stated by Lord Parker in *AG Spalding & Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449 'and that is, that nobody has any right to represent his goods as the goods of somebody else'. It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another.

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[22] The Supreme Court then referred to *Erven Warnink BV & Ors v J Townend & Sons (Hull) Ltd & Ors* [1979] 2 All ER 927 ('the *advocaat* case'), where Lord Fraser stated this at p 943g onwards and p 944:

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The question therefore remains whether the champagne case itself was rightly decided or not. As I have already said, I think that that case went rather further than the previous decisions in passing off cases. I would respectfully adopt the words of traditionally legal theory used by Cross J in *Vine Products Ltd & Ors v MacKenzie & Co Ltd & Ors* [1969] RPC 1 at p 23, ('the *Sherry* case') where he said that the champagne case 'uncovered a piece of common law or equity which had till the escaped notice ...'. But the decision in my opinion, soundly based on the principle underlying the earlier passing off actions, which I take to be that the

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A plaintiff is entitled to protect his right of property in the goodwill attached to a name which is distinctive of a product or class of products sold by him in the course of business.

B [23] As earlier stated, in the present action, the plaintiffs' cause of action is based on the tort of passing off in the extended form. The extended form of the tort of passing off was first recognised and applied in *J Bollinger & Ors v Costa Brava Wine Co Ltd* [1960] RPC 16 ('the *Spanish Champagne* case') and subsequently endorsed by the House of Lords in the *Advocaat* case. Lord Fraser in the landmark *Advocaat* case described the characteristics of a valid passing off action as follows:

It is essential for the plaintiff in a passing-off action to show at least the following facts:

D (a) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies;

E (b) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods;

(c) because of the reputation of the goods, there is goodwill attached to the name;

(d) that he, the plaintiff, as a member of the class of those who sell the goods, is the owner of the goodwill in England which is of substantial value; and

F (e) that he has suffered, or is likely to suffer, substantial damage to his property in the goodwill because of the defendants selling goods, which are falsely described by the trade name to which the goodwill is attached.

G Provided these conditions are satisfied, as they are in the present case, I consider that the plaintiff is entitled to protect himself by a passing off action.'

H [24] In the case of *Chocosuisse Union des Frabricants Suisses de Chocolat v Cadbury Plc* [1998] RPC 117, which was an earlier action brought by the society against the use of 'SWISS CHALET' for Cadbury's chocolates, the above formulation of Lord Fraser was accepted as being directed specifically to the present type of action, namely, one concerning a class of goods under 'extended' passing off.

I [25] The features, which distinguished the *Spanish Champagne* case from the earlier classical passing off cases are, in the first place, the goodwill in the 'champagne' mark is not exclusive or limited to the individual plaintiffs but is shared with every other exporter of sparkling wines to England whose wines could satisfy specified criteria or conditions. It does not matter that the

person entitled to the mark is not merely one individual but is a class of persons producing the goods. Secondly, the class of traders entitled to share in the goodwill or proprietary right to the mark is not a closed class but is one capable of continuing expansion, since any other exporter whose wine satisfied the criteria specified may jointly use the said mark.

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[26] It is important to understand how passing off in 'extended' form is different from passing off in 'classical' form. In the landmark *Advocaat* case, the House of Lords confirmed the principle established in the *Spanish Champagne* case. It recognised that that was as an action for passing off, not in its classic form of a trader representing his own goods as the goods of somebody else, but in an extended form. The ratio decidendi of that case was subsequently adopted as correct in the case concerning the alcoholic drink 'Sherry' (*Vine Products Ltd & Ors v MacKenzie & Co Ltd & Ors* [1969] RPC 1) and in the *Scotch Whisky* case (*John Walker & Sons Ltd & Ors v Henry Ost & Co Ltd & Anor* [1970] RPC 489).

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[27] The House of Lords in the *Advocaat* case identified these as the main differences between classical passing off and the action in its extended form: (a) parties who do not have an exclusive right to use a particular trade name, but who are only some members of a class consisting of all those who have the right to use the name, are entitled to protect the name by a passing off action; and (b) unlike classical passing off, the misrepresentation in an extended passing off is not that the defendant's product is the product of the plaintiffs. The misrepresentation is as such that the defendant's product is of the kind that enjoy the reputation and goodwill attached to the trade name in which the plaintiffs, jointly and severally, have a property right.

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[28] The *Advocaat* case has been followed and adopted in Malaysia including in the following cases:

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- (1) *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770; [1994] 3 CLJ 7 (SC) at p 15;
- (2) *Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd* [2007] 7 MLJ 193; [2007] 6 CLJ 228 (CA) at p 242; and
- (3) *Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; [2008] 1 CLJ 46 (CA) at p 67.

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[29] With that, I return to the present case. The serious dispute in the present case is as to the elements in relation to the goodwill and of misrepresentation. It is the contention of learned counsel for the defendants that the plaintiffs have no goodwill in the word 'SWISS' or SWISS chocolate,

A which is capable of being protected by the law. Secondly, the sale of their products does not constitute a representation that the product is Swiss chocolate.

B [30] Before dealing with these two elements, I should first deal with the question on whether the first plaintiff has the locus standi to sue the defendants. I had thought that it is now well settled that to prove an action for passing off, a plaintiff must prove that it has established goodwill and reputation in relation to the business it conducts to its given products of contention. In the present case, the society is a trade association for Switzerland-based chocolate manufacturers. It cannot be disputed that it does not sell nor manufacture chocolates. Without any form of chocolate business conducted by the society, no goodwill can be said to have arisen that is of any relevance to the cause of action for passing off pled against the defendants. In D *Chocosuisse Union des Fabricants Suisses de Chocolat & Ors v Cadbury Ltd* [1999] RPC 826, the Court of Appeal held that Chocosuisse Union des Fabricants Suisse de Chocolat (the first plaintiff in the present action) had no locus standi to sue. Likewise, in my view, the first plaintiff has no locus standi to sue in its own right in the present action. There is no business interest or goodwill, which the society is entitled to protect in an action in Malaysia for passing off against the defendants.

E [31] As far as the second and third defendants are concerned, I move on to consider the question: does the term SWISS chocolate have a distinctive meaning and reputation?

G [32] By the plaintiffs' case, the term 'Swiss chocolate' possesses the following distinguishing factors, namely Swiss chocolate is made entirely in Switzerland and Swiss chocolate is recognised as high quality and premium chocolate.

H [33] Would the words 'Swiss chocolate' have been taken by a significant section of the chocolate-buying public in Malaysia at the relevant time to mean, chocolate made in Switzerland? In considering this question, the following important facts are pertinent. The second and third plaintiffs are manufacturers of chocolate in Switzerland and their chocolates, which are sold in Malaysia, are made entirely in Switzerland. The second and third plaintiffs have long observed the practice of restricting use of the denomination 'Swiss' or 'Swiss chocolate' only for their chocolates, which are made entirely in Switzerland. The restriction in use is practiced and observed in countries throughout the world including Malaysia. Since the beginning of the 20th century, they have acted to protect the denomination of origin 'Swiss' against wrongful use, namely, against the use of 'Swiss' or 'Switzerland'

for chocolate not made in Switzerland. Numerous actions around the world have been taken against third parties in this regard.

[34] The plaintiffs have established evidence to show the significance of 'Swiss chocolate' to the local public or a significant section of them and what it would mean to them. Loh Kit Foo ('PW3') has worked in the chocolate business in Malaysia since 1994. His company, FNA Marketing (M) Sdn Bhd, imports, supplies and sells chocolates locally. His company also owns and operates 'The Cocoa Trees' outlets, which retail chocolates. PW3 in his evidence said:

... What I know from years of marketing and selling chocolate is that we do have discerning customers. For example, the 'Kit Kat' chocolate. We have 'Kit Kat' which is produced locally as well as 'Kit Kat' imported from UK (United Kingdom) and Australia available in our domestic market. The packaging and brand are all the same, the only difference is the country of manufacture. Yet, there are customers who will ask specially for 'Kit Kat' imported from UK or Australia. This shows that through exposure and experience, they have become educated as to the difference in the taste and quality of the product based on country of manufacture. Of course, not every one of our customers is like that but certainly, with some of them, I do see the clear awareness and preference for Swiss chocolate, possibly from prior exposure and the consistently good experience they have had with chocolates from Switzerland. Yes, in terms of consumer awareness, I have certainly seen this awareness and preference for Swiss chocolate amongst our customers in 2005 and before, at least ten years before.

[35] Low Mee Leng ('PW2') has been in the chocolate business in Malaysia since 1979 and has worked in the marketing side of the DR Group Holdings Sdn Bhd since 1993 or 1994. Her company is Malaysia's largest importer and distributor of chocolates and has operated the 'Choc Stop' airport chocolate retail outlets since 1983. PW2 has been its group marketing manager since 2001. PW2 testified:

The awareness exists. Probably not with each consumer but definitely there are some of our local customers who are very discerning and know exactly what. I know some customers who will buy only chocolates from Switzerland. Whereas amongst us in the trade and business, it is common basic knowledge, that Swiss chocolate is the best.

When I first joined the industry in 1979, Swiss chocolate was already generally regarded and accepted in the business as the best or of a higher class than chocolate from other countries. In terms of consumer awareness, it is certainly my experience and knowledge that this awareness existed with our local customers in 2005 and before. Even then, we have customers who would only buy chocolates from Switzerland. They may pick up additional pieces of chocolate from other countries to try especially if we have a promotion going on but you still are able to observe that basic preference for Swiss chocolate, which they will always pick up first after

A entering the shop. We always have no difficulty selling the chocolate if it is a Swiss chocolate and this has been the case since when I joined the DR Group.

B [36] Ong Choon Tuck ('PW7') is a tour manager and has been leading Malaysians on tours and holidays to Switzerland and Europe since 1983. The material part of his evidence goes this way:

C It is well known that the Swiss is famous for three things, watches, chocolates and Swiss army knife. Thus, the clients' requests are usually related to these three things. Most of the time, I find that my clients are already well aware of the popularity and fame of Swiss chocolate. I do not even have to tell them about it. So, there will usually be requests to take them to good places to buy Swiss chocolate.

D [37] When asked whether his clients have always been so well aware of the popularity and fame of Swiss chocolate, PW7 said:

Yes, that is what I have found since I started doing tours to Switzerland in 1983. It is seldom that I have to tell them about Swiss chocolate and its reputation as the best chocolate in the world. This perception is sort of implanted in their heads.

E [38] In this regard, the following testimony of consumer witness, Yvonne Ham ('PW6') is relevant:

F To me, Swiss chocolate is the best. It is smoother, creamier and very nice, with good quality and texture. It is also not as sweet as local chocolates. I think very highly of Swiss chocolate.

G I enjoy eating chocolates and have an interest to try different chocolates from different countries. After a while, I could tell which chocolate is smoother, nicer and creamier. For me, chocolates from Switzerland are always better if not the best. There may be some difference in the taste of the different brands of chocolates from Switzerland but I still prefer them to chocolates from elsewhere.

H Chocolates from Switzerland give me what I am looking for in terms of quality, taste and texture. So, over the years, I have developed a preference for Swiss chocolate. Also, I know that Swiss chocolate is reputed to be the best in the world. It gives me satisfaction and enjoyment in being able to consume the best.

[39] Furthermore, this is what another consumer witness, Lay Hoi Cheong ('PW4'), said:

I I am a long time regular consumer of chocolates and have had the opportunity to buy and try chocolates of different brands from different countries. I suppose because I am interested in chocolates and enjoy eating chocolates, I pay attention to the quality, taste and texture of the different brands of chocolates from the different countries. Personally, I have found chocolates from Switzerland to be better.

[40] The evidence indicate that significant members of the chocolate-buying public in Malaysia place significance on the fact that the chocolates are made in Switzerland. PW2 and PW3, who have worked in the chocolate business for many years in Malaysia, particularly in the marketing and selling of chocolates, have testified that there are discerning customers who would only buy chocolates from Switzerland or who, after entering the shop, visibly demonstrate a basic preference for chocolates from Switzerland by picking up that product first before looking at other possible items to buy. PW3 also testified that he sells many chocolates from Switzerland based on a consumer's educated and acquired taste for chocolates from that country. It is relevant to note that PW2 and PW3 do not talk about any preference or significance given by their customers to chocolates manufactured outside Switzerland by a Swiss maker or to a Swiss recipe. Similarly, consumer witnesses PW4 and PW6 talk about chocolates from Switzerland being better 'if not the best' and not about any chocolate manufactured outside Switzerland by a Swiss maker or to Swiss recipe. The same goes for PW7. The evidence shows attachment of significance by local consumers only with respect for chocolates made in, or from Switzerland.

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[41] Similarly, in *Chocosuisse Union des Fabricants Suisses de Chocolat & Ors v Cadbury Ltd*, it was held that the words 'Swiss chocolate' were taken by a significant section of the public in England to mean (and to mean only) chocolate made in Switzerland.

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[42] Next, do the chocolates made in Switzerland have a distinct reputation to the local public, distinct from other chocolates, which the plaintiffs are entitled to protect? The evidence show that chocolates from Switzerland are recognised or perceived as quality or premium chocolates in Malaysia. In fact, Mr Chua Boon Huat ('DW3') who is the Head of the Export and Human Resources Departments of the defendants' group of companies admitted that Swiss chocolate 'has quite a high reputation in terms of quality' and agrees that some consumers believe that Swiss chocolate is the best. In my view, the totality of the evidence established that significant members of the trade and public in Malaysia recognise chocolates made in Switzerland as a group of products of distinctive reputation and quality. There was already such recognition since more than 20 years ago or at the latest by the early 1990s.

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[43] Thus, on the evidence, in my view, the class of goods to which the trade name 'Swiss chocolate' applies is the class of chocolates, which meets the distinguishing factors as pleaded by the plaintiffs where they are manufactured entirely in Switzerland and recognised as high quality and premium chocolate.

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- A [44] Furthermore, the unchallenged evidence shows that the second and third plaintiffs have for many years, sold and continue to sell in Malaysia, chocolates made entirely in Switzerland, of amongst others, the brands 'Toblerone' and 'Nestle', respectively. Thus, quite apart from any reputation and goodwill which may be enjoyed by the second and third plaintiffs'
- B 'Nestle' and 'Toblerone' brands, the fact that the second and third plaintiffs' chocolates are Swiss chocolate that are manufactured entirely in Switzerland allow the second and third plaintiffs' chocolates to enjoy the reputation and goodwill which this class of chocolates enjoys in Malaysia. The second and
- C third plaintiffs' chocolates, whether of the brand 'Toblerone', 'Nestle' or another brand, are Swiss chocolate made in Switzerland and by reason thereof, enjoy the reputation and goodwill, which this class of chocolates enjoys in Malaysia. The second and third plaintiffs are entitled jointly and severally to the reputation and goodwill, which they share with other Swiss
- D chocolate manufacturers trading in Malaysia.

- E [45] Therefore, having regard to the plaintiffs' pleaded case and the factual matrix in this case, I conclude that the words Swiss chocolate are taken by significant members of the chocolate-buying public in Malaysia to mean chocolate made in Switzerland and these chocolates are also recognised as high quality and premium chocolate. Furthermore, I have also concluded that the second and third plaintiffs are members of the class who sell Swiss chocolates and are entitled in the goodwill attached to the term 'Swiss chocolate'. It follows that on this issue, the plaintiffs succeeded.
- F Consequently, the words 'Swiss chocolate' could be protected by means of a passing off action in the extended form.

- G [46] Which brings me to the next matter for consideration: the question arises whether the use of the words Maestro SWISS by the defendants on their chocolate products, in the circumstances of the present case, has led or is likely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is a Swiss chocolate.

- H [47] Now, the ordinary members of the chocolate-buying public in Malaysia have to be taken as reasonable persons (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540).

- I [48] Considering this matter, I have kept in the forefront of my mind that in a passing off action, the principle of law is that the misrepresentation by the defendant of his goods, as that of the plaintiffs is an essential element of the tort. This point was put clearly by Gopal Sri Ram JCA (later FCJ) in *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation*:

In my judgment, since passing off is a common law wrong, it is idle to speak of the ingredients of the tort in strict terms as though it was a creation of some penal statute. It is not. At the risk of repetition, it is a product of the genius of the common law. But, that said, the elements referred to in the two cases already cited are certainly the essential features of the tort in the sense in which it has always been understood. Put shortly, a defendant is liable if he injures the plaintiff by either passing off his goods or mark or business as that of the plaintiff's. And to pass off one as the other certainly involves the creation of a false impression which is referred to as the element of misrepresentation in the tort. For my part, I am content to rely upon and be guided by the following passage in the judgment of Mohamed Azmi J (later FCJ) in *Mun Loong Co Sdn Bhd v Chai Tuck Kin* [1982] 1 MLJ 356; [1982] CLJ 80; [1982] CLJ (Rep) 590:

At common law, it is an actionable tort for one person to represent his business to be that of another, or to mislead the public into believing that it is, because the person guilty of the deception thereby profits illegitimately from the goodwill which attaches to the other business. The commonest means by which this deception is practiced is by the adoption of a business name, which is calculated to cause the public to confuse the spurious business with the genuine one. If the spurious business is conducted by a company incorporated with a name likely to cause such confusion, the owner of the genuine business may obtain an injunction to restrain the company from trading in its own name or even continuing to have its own name. If the injunction takes the latter form, the company must either change its name or be wound up.

[49] Further down, the learned judge said:

I have read and re-read the speech of Lord Fraser and nowhere do I find in it any pronouncement dispensing with the proof of the element of misrepresentation. Indeed, it is manifestly clear from the passage above quoted that the misrepresentation by the defendant of his goods or business as that of the plaintiff's is an essential element of the tort. This is clear from the phrase 'falsely described'. It is elementary that to falsely describe is to misrepresent. I am therefore inclined to agree with the submission of counsel for the plaintiff that the so-called extended tort is nothing more than the common law adapting the tort of passing off to new and different circumstances. And, as for the pleading point, there is really nothing in it at all. In the first place, the plaintiff has in its statement of claim pleaded all the facts that go to constitute the elements of the tort. In the second place, whether the plaintiff may rely on the so called extended form of the tort is a question of law and it is well settled that you do not have to plead law.

[50] In addressing this essential element in the tort of passing off, some very important facts are required to be kept in mind, which cannot be overlooked. First and foremost, as evident from the exhibits tendered in the course of the trial, the words 'Swiss chocolate' do not appear anywhere on the packaging of the defendants' product. It is also important to emphasise that

A the defendants' usage of Maestro Swiss on chocolate products is not in any way confined to the usage of the word SWISS alone.

[51] It is equally important and pertinent to take note that 'Maestro SWISS' is also part of the corporate names of all the defendants. It is a name, which is common among all members of the Maestro SWISS group of companies. According to DW3, the use of the Maestro logo started in September 1999–December 1999. DW3 added that the logo is the perfect identifying and unifying element of the Maestro SWISS group of companies. The usage of Maestro SWISS has with it history behind it and is not only used on chocolate products but also on all forms of their businesses within the Maestro Swiss group of companies, including Maestro Swiss Cocoa Sdn Bhd, Maestro Swiss Trading Sdn Bhd, Maestro Swiss Food Sdn Bhd and Maestro Swiss Land 1 Sdn Bhd.

D [52] Now, the principles of comparison, as can be seen from decided cases such as the Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ 344 (Rep); *Elba Group Sdn Bhd v Pendaftar Cap Dagangan dan Paten Malaysia* [1998] 4 MLJ 105; [1998] 4 CLJ Supp 24; and *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* dictate that marks must be compared in their entirety set against circumstances of each mark's respective use in the course of trade before any determination of likelihood of confusion or deception may be arrived at. Consideration must therefore be given to the other words, marks and devices as a whole and not merely one element in it.

[53] Applying the foregoing principles to the present case, I have had the benefit of seeing and examining the defendants' VOCHELLE get up and packaging. The starting point is the words 'Maestro SWISS'. When taken as a whole and based on my observation, in the term 'Maestro SWISS', the word 'Maestro' is represented in larger stylised font in upper case letters and is more prominent than the word 'SWISS', which is represented in much smaller and thinner white font in upper case letters set against a red rectangular box. Having said that, it is pertinent to observe that the visual appearance of the defendants' packaging does not focus on the words 'Maestro SWISS' mark. For one, the words 'Maestro Swiss' do not overwhelm the front packaging of the chocolate products of the defendants. For another, the words 'Maestro Swiss' is smaller and given less prominence than the 'VOCHELLE' mark. In reality, all these go to show the words 'Maestro SWISS' paled and not striking, in particular when seen against the defendants' dominant and striking house marks VOCHELLE & crown device and the word HAZELNUTS.

[54] In this context, a reasonable person will be struck by the largest and most prominent word on the defendants' packaging namely VOCHELLE. VOCHELLE is very prominently placed on the product packaging so that customers' attention may immediately be drawn to it. In this regard, Mr Kamahl Jefrie bin Hamdam ('DW2') said in his testimony that what confronted his eyes is the uniquely designed packaging of VOCHELLE and when asked about the Maestro SWISS logo appearing on the packaging, he said:

They are insignificant and far less prominent than the brand.

[55] Likewise, another witness, Mr Chong Kim Guan ('DW1') when asked what confronted his eyes foremost in VOCHELLE packaging, he said:

The brand VOCHELLE and the colours.

[56] In my view, there is merit in the arguments of learned counsel for the defendants that as a whole, the defendants' packaging get up has distinct and individualistic capricious elements in terms of backdrops, graphics, design representation and labeling details including the identity and address of the defendants as the source of the chocolate. The defendants' presentation of their product is characteristically different from that of the plaintiffs'. In my view, when combined and viewed in their totality, there is no way the defendants' chocolate product can be taken by any reasonable person as 'SWISS chocolates'.

[57] All the more so, the packaging of the defendants' product bears the following words:

MANUFACTURED UNDER LICENSE AND AUTHORITY OF TRADE MARK OWNER/DIKELUARKAN DIBAWAH LESEN DAN KEBENARAN PEMILIK TANDA NIAGA By/Oleh MAESTRO SWISS CHOCOLATE SDN BHD. MAK MANDIN INDUSTRIAL ESTATE, 13400 BUTTERWORTH, PENANG, MALAYSIA.

[58] What then is the effect? These compelling words tell both the defendants as Malaysian manufacturers and the origin of the product. In this way, I think that any reasonable person will not be confused by the use of the words 'Maestro SWISS' into believing that VOCHELLE is a SWISS chocolate. Any suggestion of a possibility of a damaging association or deception and confusion capable of giving rise to a cause for complaint founded in passing off or unfair trade competition is negated.

- A [59] Now, I should add a further point to give some context. It is true that the words 'Maestro Swiss' is visible and able to be read but their positioning at the top of the front corner of the packaging is to serve the corporate image of the defendants' group of companies. It serves as the corporate logo of the defendants. As explained by DW3, the Maestro SWISS & DEVICE logo was
- B introduced since 2000 as part of the corporate makeover of the defendant companies which is a group of companies that had just acquired the businesses of Chocolate Products (M) Bhd. On the given context, there is no inappropriate or improper use of the use of the word SWISS.
- C [60] Maestro SWISS & DEVICE is a distinctive corporate logo taken from the common corporate name MAESTRO SWISS. In this regard, Lord Simmonds in *Marengo v Daily Sketch & Anor* (1948) 65 RPC 242 said that a man must be allowed to trade in his own name and, if some confusion
- D results, that is a lesser evil than a man should be deprived of what would appear to be a natural and inherent right. This must be emphasised as the corporate logo is meant to be applicable to each of the defendants group of companies. The businesses of the defendants group of companies or MAESTRO SWISS group of companies are by no means confined to
- E chocolates products alone. As evident from the names of some of the member companies alone, in particular, Maestro Swiss Land I–VII Sdn Bhd, these names suggest business as diverse and unrelated to chocolate businesses so as to include the likes of land/realty business. I accept with the contention of the
- F defendants' shared name of Maestro SWISS and that the term Maestro SWISS is used to boost the corporate image in all these member group of companies.
- G [61] What is more, as I have said earlier, the defendants' packaging get up have distinct and individualistic elements and the defendants do have extensive and long-standing goodwill and reputation associated with their 'Maestro SWISS' VOCHELLE chocolates, after having extensively advertised and promoted the product. In this context, I accept DW3's evidence that in the marketing of chocolate products, they are targeted more at the mass
- H market consisting of purchasers with comparatively lower income, who are in any event not concerned with any imported chocolates. Their purchases of chocolates are dictated by how much they could afford or how much they have apportioned their budget for the purposes of buying chocolates. The defendants' business in relation to chocolate production by and large caters to
- I the public whose purchase of chocolates is very much dictated by the amount of money they had in their pockets. There is evidence to indicate that the type of customers who purchase the defendants' chocolates is very different from those who purchase Swiss chocolates. Because the sales of the chocolate products are intended for the public with comparatively lower income,

whatever goodwill that is set to be generated must surely have been derived from that section of the populace. In support of the defendants' contention that the defendants' chocolate products are catered for a category of consumers different from those of the consumers of Swiss chocolates, DW3 has explained the price comparison between chocolate products locally manufactured (which includes the defendant companies' VOCELLE branded chocolate products) and those, which came from other countries (see exh D128).

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[62] This comparison is based on the usual packaging of chocolate products (based on weight/gram). DW3 further explained that this price list was prepared and generated based on the market observation and actual surveillance by Maestro Swiss Trading Sdn Bhd and thus is a fair and objective indicative reflection of the prices of imported and local chocolates available in the market. DW3 further went on to illustrate the opportunity costs point. Opportunity costs are the attainment of one thing at the expense of the other. He explained how small price differences could deprive a consumer of the defendant group of companies of other essential necessities in life.

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[63] When looked in this way, in my view, the use of the words Maestro SWISS by the defendants on their chocolate product, in the circumstances of the present case is unlikely to lead ordinary members of the chocolate-buying public in Malaysia to believe that the chocolate is a high quality and premium Swiss chocolate.

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[64] While on this issue and before leaving this topic, there is one point that I want to make. As I have said earlier, to establish passing off, it must be shown by the plaintiffs that there had been confusion.

In this regard, the plaintiffs conducted a market survey. Generally, the courts have been cautious in accepting surveys conducted by one side of the party (see *Consitex SA v TCL Marketing Sdn Bhd* [2008] 3 MLJ 574; [2008] 8 CLJ 444). The survey was carried out to determine whether there was a likelihood of confusion. In the present case, the survey as found in exh P106 was conducted Ms Seok Han Liang ('PW5'). According to PW5, she conducted a simple survey on 84 respondents. Each respondent was handed a one-page survey form, which required him or her to fill in particulars about themselves. However, the form does not require the respondents to leave their contact details, so there is no opportunity with which these respondents could be traced and called for cross-examination, should such a need be viewed as necessary. In my view, the survey conducted by PW5 is not reliable for the

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- A following reasons. In the first place, the survey does not represent a true cross section of the chocolate-buying public in Malaysia. The methodology adopted by PW5 when conducting the survey was by approaching passers-by near offices and supermarkets within Kuala Lumpur and Klang Valley only. Secondly, the questions asked in the survey form were leading questions. The
- B question presupposes that SWISS chocolates concept existed. Thirdly, the surveys were conducted from 6–9 October 2009, four years after the filing of the present action.

- C [65] As a consequence, having considered the totality of the testimonies of all the relevant witnesses and the exhibits tendered, I have come to the firm conclusion that reasonable members of the chocolate-buying public in Malaysia will not be confused by the use of the words Maestro SWISS into believing that VOCHELLE and the other defendants' products were Swiss chocolates. In my judgment, there had not been confusion between the
- D defendants product Maestro SWISS and chocolate made in Switzerland. For that reason, I find that the defendants had not passed off their products as Swiss chocolates. In my judgment, the use of the words Maestro SWISS did not constitute a representation that that product was Swiss chocolate. The defendants did not create false impression that their product was Swiss
- E chocolate. The defendants did not misrepresent their goods as being in some way connected or associated with the plaintiffs'. It follows that on this issue, the plaintiffs failed.

- F [66] I now move on to consider the claim by the plaintiffs based on the GI Act.

FINDINGS OF THE COURT WITH REGARDS TO INFRINGEMENT OF GEOGRAPHICAL INDICATION

- G [67] Section 5 of the GI Act reads as follows:

- 5 Institution of proceedings for injunction and damages
- H (1) Any interested person may institute proceedings in the Court to prevent, in respect of geographical indications —
- I (a) the use in the course of trade of any means in the designation or presentation of any goods that indicates or suggests, in a manner which misleads the public as to the geographical origin of the goods, that the goods in question originate in a geographical area other than the true place of origin;...
- (2) The Court may grant an injunction to prevent any unlawful use of the geographical indication and award any damages and any other legal remedy

or relief as it deems fit.

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[68] 'Geographical indication' is defined under s 2 of the GI Act as 'indication which identifies any goods as originating in a country or territory, or a region or locality in that country or territory, where a given quality, reputation or other characteristic of goods is essentially attributable to their geographical origin'.

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[69] Geographical indication is an indication of source; the indication connects a product to a particular geographical location. It is used to describe goods that originate from a particular geographic area. For instance, 'Sarawak Pepper' is a geographical indication for pepper, which is produced in Sarawak, and 'Sabah Tea' is an indication for tea from Sabah.

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[70] Having stated the above, in my view, geographical indications perform three purposes. In the first place, the indication identifies goods as originating in a particular country or locality. Secondly, it suggest the public that the goods come from an area where a given quality of the goods is attributable to their origin. Thirdly, the indication promotes the goods of the geographic origin.

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[71] The question that now arises is whether Maestro SWISS as used on the defendants' packaging get up denote geographical indication within the GI Act. In my opinion, Maestro SWISS logo is not used on the defendants' packaging to denote a geographical indication. It is not a geographic indicator, unlike 'Sarawak Pepper' or 'Sabah Tea'. I am unable to accept the proposition that the words 'Maestro Swiss' inform consumers that the chocolate comes from Switzerland and that it possesses the qualities or characteristics for which that place is known. The packaging of the defendants' product bears distinguishing words, which tells both the defendants as Malaysian manufacturers and their chocolate products. This point has already been made earlier but deserved to be reiterated. For this reason, I am unable to accept that the designation or presentation of words 'Maestro Swiss' on the packaging indicates or suggests in a manner, which would invariably mislead and deceive the Malaysian public that the chocolate originates from Switzerland for which the plaintiffs can take a cause of action under s 5 of the GI Act.

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[72] Indeed as I have said a moment ago, the manner Maestro SWISS and device logo is presented and stylised is intended to be a corporate logo; it is used as part of the corporate image of the defendant group of companies as

A the words 'Maestro Swiss' form part of the names of the defendants.

CONCLUSION

B [73] In the result, based on all the previously mentioned reasons, I see no alternative but to dismiss the whole of the plaintiffs' claim against all the defendants with costs.

Plaintiff's claim dismissed with costs.

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Reported by Kohila Nesan

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